MANAGEMENT

Charles W. Nash, President of the company, is regarded as one of the ablest men in the automotive industry and is aided by a competent and aggressive corps of assistants. Strong banking interests are also represented on the board, including two members of the firm of Lee, Higginson & Co.

FUTURE OUTLOOK

The excellent demand for the company's new models, which was reflected in large and increasing earnings in the second half of 1928, has continued into the present year, and the results for the first half of 1929 make a truly remarkable showing. From present indications, with net income running at the annual rate of over $22,000,000 for the entire year, after the usual liberal charge-offs, earnings should approximate the largest ever recorded. The rate of about $9 per share on the outstanding capital stock may be earned.

CONCLUSIONS

Nash has an exceptionally strong management, financial position and dealer organization. It has unusually well equipped and efficiently operated producing divisions, which are carried at an absurdly low valuation in its balance sheet. It has been a consistent moneymaker and a liberal dividend disburser, despite which fact more than $65,000,000 has been earned in the last 10 years over dividend payments. It has an asset of great value in its one-half interest in the Seaman Body Corporation and in view of its strong competitive position and agressive selling policies seems destined to remain one of the country's most successful industrial enterprises.

Selling at about 90, or only ten times estimated 1929 earnings, Nash impresses us as presenting an unusally attractive investment opportunity.

The information contained herewith, although not guaranteed, is derived from sources which we believe to be reliable

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An Analysis of THE NASH MOTORS COMPANY

with

Reference to the Common Stock

R. L. Scoville

THE NASH MOTORS COMPANY

The Nash Motors Company was incorporated on July 29, 1916, under the laws of Maryland, and shortly thereafter acquired all of the assets, properties and capital stock of the Thomas B. Jeffrey Company of Kenosha, Wisconsin. It subsequently acquired plants at Racine and Milwaukee. The Nash Motors Co. owns a half interest in the Seaman Body Corp., builders of high grade closed bodies, and purchases the entire output of that company.

PRODUCT

The company is one of the leading makers of automobiles, designed to compete in the medium and low-priced fields. During the last 10 years, Nash has ranked as one of the strongest automobile manufacturers, from the standpoint of business volume, earnings and financial positions.

Its new "Series 400" line of cars, introduced in June, 1928, after complete redesigning and revising of previous models, consists of the "Advanced Six," in a price range from $1,550 to $2,165, the "Special Six," from $1,245 to $1,345, and the Standard Six," from $885 to $995. These cars have met with a favorable reception, practically 170,000 units having been sold in the 12 months ended June 30, 1929.

MANUFACTURING FACILITIES

The company has three main plants, one located at Kenosha, Wis., comprising over 100 acres, and one just outside the city limits of Milwaukee, Wisconsin, and comprising 41 acres. The plant of the former Ajax Motors Co. is located on 33 acres of land at Racine, Wisconsin. The company's productive capacity is about 1,000 cars per day, which can readily be increased. The Seaman Body Corp. operates a new manufacturing plant at Milwaukee, Wisconsin, and also has a wood-working plant at Pine Bluff, Arkansas, which supplies the greater part of the lumber used in the construction of bodies.

EXPORT BUSINESS

The company's product bears a splendid reputation in all foreign markets, and its foreign representation was materially strengthened during 1928. Export business in that year exceeded the 1927 export business by over 45% and is expected to continue to increase.

CAPITALIZATION

The company's capital structure is an exceedingly simple one, the entire capitalization consisting of an authorized and outstanding issue of 2,730,000 shares of stock having no par value. There is no funded debt or preferred stock and the company has no bank loans.

EARNINGS

Net income available for dividends on the capital stock, after liberal depreciation charges, Federal taxes, etc., has been as follows in recent years:

† 1924—$8,177,278 or $2.76 per share *
† 1925—15,204,907 or 5.41 per share *
† 1926—23,205,398 or 8.50 per share *
1927—22,670,745 or 8.30 per share *
1928—20,820,085 or 7.63 per share *

† *After deducting dividends on Preferred Stock, since retired.*
* *Based on present capitalization.*

Note:—Earnings in 1928 were reduced because of unusually heavy expenses incurred for patterns, dies, jigs and fixtures, costing upwards of $2,000,000, all of which was absorbed in the year's operations, due to completely redesigning the company's cars.

For the six months ended May 31, 1929, net income was $10,742,199, (or $3.93 per share), compared with $5,372,851 (or $1.97 per share) in the same six months of 1928.

FINANCIAL POSITION

Nash has always maintained a remarkably strong cash position. The consolidated balance sheet as of November 30, 1928, showed total current assets of $53,947,598, of which $20,947,663 consisted of cash and $20,297,071 was represented by United States Government securities. Total current liabilities, consisting principally of a reserve for Federal and other taxes, amounted to $9,797,042, leaving a net working capital of $44,150,556. The ratio of current assets to current liabilities was about 5½ to 1. Plant and equipment, less reserve for depreciation, were carried at the extremely conservative figure of $8,216,058. Miscellaneous investments were valued at $1,286,049, whereas the company's one-half interest in the Seaman Body Corp. alone is understood to have a value of several times that sum. Capital Stock and Surplus stood at $52,024,180.

DIVIDENDS

Dividends on the capital stock are at present being paid at the rate of $6 per share per annum. Cash payments on the common stock as constituted from time to time (the preferred stock was redeemed on Feb. 1, 1926) have been as follows:

1918—$21	1924—$16
1919-21—16	1925— 16
1922—16	1926— 13
1923— 6	1927— 5
	1928— 6

In addition to these cash payments, stock dividends have been paid as follows: In 1922, 3 shares of Preferred "A" (par $100) and 4 shares of common (no par) on each share of common; in 1926, 900% in stock.

The present cash dividend rate of $6 per share annually is the equivalent of $300 a share on the stock as outstanding prior to the payment of the 1922 stock dividend.